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IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
RICHMOND DIVISION

- - - - - x
In re: : Chapter 11
:
CIRCUIT CITY STORES, INC., : Case No. 08-35653 (KRH)
et al., :
:
Debtors. : Jointly Administered
- - - - - x

**MOTION FOR ORDERS PURSUANT TO BANKRUPTCY CODE SECTIONS 105
AND 363 AND BANKRUPTCY RULES 2002 AND 6004 (I)(A) APPROVING
PROCEDURES IN CONNECTION WITH SALES OF MISCELLANEOUS
INTELLECTUAL PROPERTY ASSETS, (B) AUTHORIZING SELLERS TO
ENTER INTO STALKING HORSE AGREEMENTS IN CONNECTION
THEREWITH, (C) APPROVING THE PAYMENT OF TERMINATION FEES IN
CONNECTION THEREWITH, (D) APPROVING FORM AND MANNER OF SALE
NOTICE AND (E) SETTING AUCTION AND HEARING DATES;
(II) APPROVING SALES OF MISCELLANEOUS INTELLECTUAL PROPERTY
ASSETS FREE AND CLEAR OF ALL INTERESTS; AND (III) GRANTING
RELATED RELIEF**

The debtors and debtors in possession in the

above-captioned jointly administered cases (the "Sellers" or "Debtors")¹ hereby move (the "Motion"), pursuant to sections 105 and 363 of title 11 of the United States Code (the "Bankruptcy Code") and 2002 and 6004 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), for entry of orders (I)(A) approving procedures in connection with soliciting bids for the sales (the "Sales") of certain of Sellers' miscellaneous intellectual property assets (the "Intellectual Property Assets"), (B) authorizing the Sellers to enter into stalking horse agreements in connection with the Sales of the Intellectual Property Assets, (C) approving Debtors' payment of a Termination Fee (as defined below) in connection therewith,

¹ The Debtors and the last four digits of their respective taxpayer identification numbers are as follows: Circuit City Stores, Inc. (3875), Circuit City Stores West Coast, Inc. (0785), InterTAN, Inc. (0875), Ventoux International, Inc. (1838), Circuit City Purchasing Company, LLC (5170), CC Aviation, LLC (0841), CC Distribution Company of Virginia, Inc. (2821), Circuit City Properties, LLC (3353), Kinzer Technology, LLC (2157), Abbott Advertising Agency, Inc. (4659), Patapsco Designs, Inc. (6796), Sky Venture Corp. (0311), PRAHS, INC. (n/a), XSStuff, LLC (9263), Mayland MN, LLC (6116), Courchevel, LLC (n/a), Orbyx Electronics, LLC (3360), and Circuit City Stores PR, LLC (5512). The address for Circuit City Stores West Coast, Inc. is 9250 Sheridan Boulevard, Westminster, Colorado 80031. For all other Debtors, the address was 9950 Mayland Drive, Richmond, Virginia 23233 and currently is 4951 Lake Brook Drive, Glen Allen, VA 23060.

(D) approving the form and manner of sale notice (the "Notice Procedures"), and (E) scheduling Auction and Hearing dates (each as defined below); (II) approving the Sales of the Intellectual Property Assets free and clear of all Interests (as defined below); and (III) granting related relief. In support of the Motion, the Sellers respectfully represent as follows:

JURISDICTION AND VENUE

1. This Court has jurisdiction to consider this Motion under 28 U.S.C. §§ 157 and 1334. This is a core proceeding under 28 U.S.C. § 157(b). Venue of these cases and this Motion in this District is proper under 28 U.S.C. §§ 1408 and 1409.

2. The statutory predicates for the relief requested herein are Bankruptcy Code sections 105 and 363 and Bankruptcy Rules 2002 and 6004.

BACKGROUND

3. On November 10, 2008 (the "Petition Date"), the Debtors filed voluntary petitions in this Court for relief under chapter 11 of the Bankruptcy Code.

4. The Debtors continue to manage and operate their businesses as debtors in possession pursuant to Bankruptcy Code sections 1107 and 1108.

5. On November 12, 2008, the Office of the United States Trustee for the Eastern District of Virginia appointed a statutory committee of unsecured creditors (the "Creditors' Committee"). To date, no trustee or examiner has been appointed in these chapter 11 cases.

6. On January 16, 2009, the Court authorized the Debtors, among other things, to conduct going-out-of-business sales at the Debtors' remaining 567 stores pursuant to an agency agreement (the "Agency Agreement") between the Debtors and a joint venture, as agent (the "Agent"). On January 17, 2009, the Agent commenced going-out-of-business sales pursuant to the Agency Agreement at the Debtors' remaining stores.

RELIEF REQUESTED

7. By this Motion, the Sellers seek entry of two forms of relief. First, at the hearing to be held on July 16, 2009, the Sellers will seek entry of an order, substantially in the form attached hereto as

Exhibit A (the "Bidding Procedures Order"),

(A) approving the bidding procedures set forth herein and attached to the Bidding Procedures Order as Exhibit 1 (the "Bidding Procedures"), (B) authorizing, but not requiring, the Debtors to (i) enter into one or more "stalking horse" agreements (each a "Stalking Horse Agreement") with a bidder (the "Stalking Horse Bidder") for the purpose of establishing a minimum acceptable bid at which to begin the Auctions and (ii) provide a Stalking Horse Bidder with a fee (the "Termination Fee") up to, but not greater than 3.0%, of the cash purchase price set forth in the Stalking Horse Agreement,

(C) approving the Notice Procedures (as defined herein) and (D) scheduling the Auctions for August 18, 2009 or such later dates as the Debtors advise Qualified Bidders (as defined herein) and the Creditors' Committee and the hearing with respect to any winning proposal received by the Sellers (the "Sale Hearing") for August 27, 2009.

Second, subject to the terms of the Bidding Procedures Order, at the Sale Hearing, the Sellers will seek entry of one or more orders, substantially in the form attached hereto as Exhibit B (each, a "Sale Approval

Order"), approving the Sale of the all or certain of the Sellers' Intellectual Property Assets free and clear of all Interests and granting related relief.

8. As more fully set forth below, after a comprehensive strategic review, the Sellers believe that the Sales represents their best opportunity under the circumstances to maximize the value of the Intellectual Property Assets. Therefore, the Sales are in the best interests of the Sellers' estate and its stakeholders.

BASIS FOR RELIEF

9. In the course of their continued liquidation, the Sellers have identified various assets -- including the Intellectual Property Assets -- that are valuable but for which the Sellers have no use going forward. The Sellers have thus determined that the sales of the Intellectual Property Assets would bring significant recovery for the Sellers' estates and creditors.

10. Even prior to the Court's authorization of the liquidation, the Sellers' financial advisor, Rothschild, Inc., actively contacted potential purchasers and received several indications of interest

in certain of the Sellers' intellectual property and internet-related assets. Since then, the Sellers have retained Streambank LLC ("Streambank") as their intellectual property disposition consultant. The Sellers, Rothschild and Streambank orchestrated the sale of a large portion of the Sellers' intellectual property and internet assets, including the Circuit City trademark and associated goodwill, domain names, toll-free numbers, patents and registrations and applications therefor, website content and customer information to Systemax Inc. However, many intellectual property assets remain.

11. To help ensure that the Sellers receive the highest or otherwise best proposal for these remaining intellectual property assets, i.e., the Intellectual Property Assets, the Sellers seek authorization to solicit bids in accordance with the Bidding Procedures and to enter into stalking horse agreements for the sale of any or all of the Intellectual Property Assets to a Stalking Horse Bidder.

12. Moreover, the Sellers believe that conducting the Auctions with respect to the Intellectual

Property Assets will enable them to maximize value and minimize expenses incurred.

BIDDING PROCEDURES²

A. The Auction.

13. **The Bid Deadline.** The Debtors propose that all proposals for any or all of the Intellectual Property Assets (the "Bids") must be submitted on or before August 11, 2009 at 5:00 p.m. (Eastern) (the "Bid Deadline"). Up until the Bid Deadline, the Sellers will accept competing Bids to purchase the Intellectual Property Assets from those bidders who submit qualified proposals in accordance with the Bidding Procedures (collectively, the "Qualified Bidders" and such Bids by Qualified Bidders, the "Qualified Bids").

14. **The Auction.** The Sellers propose that, if they receive any Qualified Bids that, on August 18, 2009, they will hold one or more auctions (the "Auctions") among such Qualified Bidders. The Auction will take place at the offices of Skadden, Arps, Slate,

² This section of the Motion constitutes a summary of the Bidding Procedures. In the event there is a conflict between the Motion and the Bidding Procedures, the Bidding Procedures shall control.

Meagher & Flom, LLP at Four Time Square, New York, New York, tentatively beginning at 10:00 a.m. (Eastern) or such other time or place as the Sellers notify all Qualified Bidders who have submitted Qualified Bids. The Qualified Bidders who wish to participate in the Auctions, or their authorized representative, must be present, in person or, if permitted by the Debtors, by phone, for the Auctions.

15. During the Auctions, the Sellers will accept competing proposals to purchase any or all of the Intellectual Property Assets, including, for example, customer lists and various trademarks, servicemarks and the associated domain names and URLs. The Auction will be conducted with respect to each asset on which the Sellers receive a proposal. Bidding in the Auctions will remain open until all Qualified Bidders who opt to bid have submitted their highest or otherwise best proposal for any or all of the Intellectual Property Assets.

16. At the conclusion of the Auctions, the Sellers, after consultation with counsel to the Creditors' Committee, will announce the bidder or

bidders submitting the proposal(s) that they have determined constitute the highest or otherwise best proposals (each such proposal, a "Successful Bid" and each party submitting each Successful Bid, a "Successful Bidder") and close the Auctions. If more than one Qualified Bidder submits a Bid on the same Intellectual Property Assets as the Successful Bidder, the Sellers, after consultation with the Creditors' Committee, will announce the bidder submitting the next highest or otherwise best proposal (the "Alternate Bidder") who, pursuant to the Bidding Procedures, would proceed with the purchase of the Intellectual Property pursuant to the terms the Bid submitted at the Auctions (the "Alternate Bid"), if the Successful Bidder fails to consummate the Sale because of: (i) the failure of a condition precedent beyond the control of either the Seller or the Successful Bidder or (ii) a breach or failure to perform on the part of such Successful Bidder.

B. The Bidding Procedures.

17. The Sellers intend to implement procedures substantially similar to the procedures (the "Bidding Procedures") attached as Exhibit 1 to the

Bidding Procedures Order with respect to the Qualified Bidders and conducting the Auction. The Sellers reserve their right to modify such procedures as necessary or as they deem appropriate, in consultation with counsel to the Creditors' Committee, to maximize value for their estates and creditors. In addition, the Sellers, in consultation with counsel to the Creditors' Committee, reserve their right to withdraw certain of the Intellectual Property Assets from the Auction at any time prior to Court approval of any proposal concerning such assets. The Sellers believe that such procedures are appropriate and will maximize the recovery for the Sellers and their estates in connection with the Auction.

C. Termination Fees.

18. The Debtors believe that in order to entice potential bidders to establish a floor price for any asset and the terms of such offer, they should be authorized (after consultation with counsel to the Creditors' Committee) to offer bidders a Termination Fee in the event that a bidder is chosen as a Stalking Horse Bidder but is ultimately outbid at an Auction.

Accordingly, the Debtors request that the Bankruptcy

Court approve a Termination Fee of no more than 3% of the cash purchase price payable on such terms and conditions as set forth in any Stalking Horse Agreement that the Debtors enter into on or prior to August 11, 2009. In addition, any Termination Fee will only be paid if (1) the Stalking Horse Bidder is not the Successful Bidder at the Auction with regard to the particular assets subject to the Stalking Horse Agreement (the "Stalking Horse Assets"), (2) the Stalking Horse Bidder agrees to serve as a back-up bidder and close the transaction contemplated by the Stalking Horse Agreement (as may be modified, including, without limitation, modifications as to price, as of the Stalking Horse Bidder's last proposal at any Auction) in the event the transaction with the Successful Bidder does not close, and (3) the transaction proposed by the Successful Bidder actually closes. In the event the Successful Bidder does not close, the Stalking Horse Bidder will be deemed to be the Successful Bidder.

19. In no event shall any Termination Fee be payable if the Stalking Horse Agreement contains a "due diligence" or financing contingency, and the Debtors

shall not be permitted to offer two Termination Fees with respect to any proposal covering the same assets.

SALE OF PII ASSETS

20. As this Court is well aware, a consumer privacy ombudsman ("CPO") has been appointed in these cases to provide input with respect to the sale of personally identifiable information ("PII Assets"). Certain of the Intellectual Property Assets may include PII. Over the course of next several weeks, the Debtors and their advisors will work the CPO to address address matters relating to the conveyance of any PII.

21. However, the PII Assets are not subject to any privacy policy or other such restrictions related to the transfer or protection of such customer lists and transaction data. Thus, the Debtors submit that they are not required to comply with the specific requirements outline in Bankruptcy Code sections 363(b)(1)(A) or (B).

NOTICE PROCEDURES

22. Within five (5) days after entry of the Bidding Procedures Order (the "Mailing Date"), the Sellers (through their agent) propose to serve notice of

the Motion and entry of the Bidding Procedures Order by email, if possible, or first-class mail, postage prepaid, upon (i) all entities known to have expressed an interest in a transaction with respect to the Intellectual Property Assets or similar assets during the past three (3) months, (ii) all entities known to have asserted any Lien upon the Intellectual Property Assets, (iii) all federal, state, and local regulatory or taxing authorities or recording offices, which have a reasonably known interest in the relief requested by the Motion, (iv) the Attorney Generals for all fifty (50) States, (v) the CPO, and (vi) all parties entitled to notice under the Order Pursuant to Bankruptcy Code Sections 102 and 105, Bankruptcy Rules 2002 and 9007, and Local Bankruptcy Rules 2002-1 and 9013-1 Establishing Certain Notice, Case Management, and Administrative Procedures (D.I. 130; the "Case Management Order").

23. The Sellers also propose, pursuant to Bankruptcy Rule 2002(1) and 2002(d), to publish a notice of the Sale, substantially in the form attached hereto as Exhibit C, in the Wall Street Journal (International

Edition), the New York Times and the Richmond Times Dispatch within five business (5) days of entry of the Bidding Procedures Order or as soon as practicable thereafter. The Sellers request that such publication notice be deemed proper notice to any other interested parties whose identities are unknown to the Sellers.

APPLICABLE AUTHORITY

I. THE BIDDING PROCEDURES ARE REASONABLE AND APPROPRIATE.

24. Bankruptcy Code section 363(b)(1) provides that "[t]he trustee, after notice and a hearing, may use, sell, or lease, other than in the ordinary course of business, property of the estate." 11 U.S.C. § 363(b)(1). Moreover, Bankruptcy Code section 105(a) provides that "[t]he Court may issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title." 11 U.S.C. § 105(a).

25. The Sellers believe that the Bidding Procedures are appropriate under Bankruptcy Code sections 105 and 363 to ensure that the bidding and process is fair and reasonable and will yield the maximum value for their estates and creditors.

26. The Bidding Procedures enable the Sellers to solicit bids for any or all of the Intellectual Property Assets, maximizing flexibility for both the Sellers and interested parties to select with specificity certain Intellectual Property Assets without requiring the parties to commit to bidding on all of the Intellectual Property Assets.

27. Moreover, the Bidding Procedures allow the Sellers to enter into Stalking Horse Agreements and offer Termination Fees to encourage interested parties to serve as a Stalking Horse Bidder, which will, in turn, set a floor for bidding at the Auction to maximize recovery to the Sellers' estates and creditors.

28. Finally, by providing for the Auction, the Bidding Procedures result in competitive bidding and a "market check" to ensure the Sellers and their estates and creditors are obtaining the highest possible value for the Intellectual Property Assets.

29. Accordingly, the Sellers believe the Court should approve the Bidding Procedures, including the dates established thereby for, inter alia, the Auctions and the Sale Hearing. Similar procedures have

been previously approved by this Court in this and other cases. See, e.g., In re Circuit City Stores, Inc., Case No. 08-35653 (KRH) (Bankr. E.D. Va 2009) (D.I 1460); In re Ceyonig, Inc., Case No. 02-85887 (RGM) (Bankr. E.D. Va. Jan. 30, 2003); In re The Rowe Companies, Case No. 06-11142 (SSM) (Bankr. E.D. Va. Dec. 20, 2006).

**II. APPROVAL OF THE SALES ARE WARRANTED UNDER
BANKRUPTCY CODE SECTIONS 105(A) AND 363(B)(1).**

30. As set forth above, Bankruptcy Code section 363(b)(1) authorizes a trustee to "use, sell, or lease" property of the estate with the Court's approval. 11 U.S.C. § 363(b)(1). Assets of debtors may be sold outside of the ordinary course of business, pursuant to Bankruptcy Code section 363(b)(1), if a sound business purpose exists for doing so. In re WBQ P'ship, 189 B.R. 97, 102 (Bankr. E.D. Va. 1995)(citing Stephens Indus., Inc. v. McClung, 789 F.2d 386, 390 (6th Cir. 1986)); see also In re W.A. Mallory Co., Inc., 214 B.R. 834, 836 (Bankr. E.D. Va. 1997).

31. To satisfy the "sound business purpose test," the debtor must demonstrate that (1) a sound business reason or emergency justifies a pre-

confirmation sale; (2) the sale was proposed in good faith; (3) the purchase price is fair and reasonable; and (4) adequate and reasonable notice of the sale has been provided. In re WBQ P'ship, 189 B.R. at 102.

32. Based upon the results of their exhaustive analysis of the Sellers' ongoing and future prospects, the Debtors' management and advisors have concluded that the sales of the Intellectual Property Assets in accordance with the procedures set forth in the Bidding Procedures will maximize recoveries to the estates. Maximizing asset value is a sound business purposes that warrant authorizing the proposed Sales.

33. First, as noted above, by permitting proposals for all of the remaining intellectual property assets or for certain specific intellectual property assets, the Sellers believe that they will be afforded the necessary flexibility and thereby will have the greatest potential of maximizing the value of the Intellectual Property Assets.

34. Second, the sale of any of the Intellectual Property Assets will be subject to competing bids, thereby enhancing the Debtors' ability

to receive the highest or otherwise best value for their businesses. Consequently, the fairness and reasonableness of the consideration to be received by the Sellers will ultimately be demonstrated by a "market check" through the auction process, which is the best means for establishing whether a fair and reasonable price is being paid.

35. Third, and finally, all creditors and parties in interest will receive adequate notice under the circumstances of the Bidding Procedures and the Hearing as set forth herein. In light of the circumstances, such notice is reasonably calculated to provide timely and adequate notice to the Sellers' major creditor constituencies, those parties most interested in these cases, those parties potentially interested in bidding on the Intellectual Property Assets others whose interests are potentially implicated by the proposed Sales.

**III. THE SALE OF ANY PII ASSETS IS APPROPRIATE UNDER
BANKRUPTCY CODE SECTION 363(b)(1).**

36. As stated above, Section 363(b)(1) provides that a debtor may sell property outside of the

ordinary course of business with court approval. 11 U.S.C. § 363(b)(1). Where such a sale contemplates the transfer of "personally identifiable information" (PII) and the debtor has a privacy policy pertaining to such information as of the commencement of the case, the debtor must satisfy subsections (b)(1)(A) or (b)(1)(B).

37. However, Bankruptcy Code section 363(b)(1) authorizes a debtor to sell or transfer PII that is not subject to a privacy policy without satisfying either standard under Bankruptcy Code section 363(b)(1)(A) or (B). Here, the PII Assets are not (and were not as of the commencement of the Sellers' cases) subject to any privacy policy. Thus, the PII Assets are subject to the traditional test under Bankruptcy Code section 363(b)(1). See, generally, 11 U.S.C. § 363(b)(1); In re WBQ P'ship, 189 B.R. 97, 102 (Bankr. E.D. Va. 1995).

38. As set forth above in section II hereof, the Sellers submit that sound business purposes exist for the Sale of the PII Assets.

IV. THE TERMINATION FEE REQUESTED HEREIN IS REASONABLE AND SHOULD BE APPROVED.

39. In connection with Sales, the Court should authorize the Sellers to pay the Termination Fees identified herein.

40. Agreements to provide break-up fees are designed to compensate a potential acquirer who serves as a catalyst that may attract higher and better offers, and have been approved in bankruptcy to encourage bidding. See In re Ryan, 261 B.R. 867, 870 (Bankr. E.D. Va. 2001). Break-up fees can be advantageous to both buyers and sellers because they encourage bidding to ensure that sellers receive the highest or otherwise best offer for sellers while compensating the buyer for the risk of being outbid. See id.

41. Break-up fees are allowed as an administrative expense claim against the estate if they satisfy the standard of section 503(b)(1). In re Tropea, 352 B.R. 766, 768 (Bankr. N.D.W.Va. 2006). Thus, the fee must reflect the actual and necessary cost of preserving the estate. See 11 U.S.C. § 503(b)(1). See also In re Tropea, 352 B.R. at 768. In Calpine Corp. v.

O'Brien Env'tl. Energy, Inc. (In re O'Brien Env'tl. Energy, Inc.), 181 F.3d 527 (3d Cir. 1999), the United States Court of Appeals for the Third Circuit expanded on the application of the section 503(b)(1) standard to break-up fees. The Third Circuit Court of Appeals held that even though bidding incentives are measured against a business judgment standard in non-bankruptcy transactions, the administrative expense provisions of Bankruptcy Code section 503(b) govern in the bankruptcy context. Accordingly, to be approved, bidding incentives must provide some postpetition benefit to the debtor's estate. See id. at 533; see also In re Lamb, 2002 WL 31508913 (Bankr. D. Md. 2002) (implicitly adopting the administrative expense standard set forth in O'Brien).

42. The O'Brien Court identified at least two instances in which bidding incentives may provide benefit to the estate. First, benefit may be found if "assurance of a break-up fee promoted more competitive bidding, such as by inducing a bid that otherwise would not have been made and without which bidding would have been limited." Id. at 537. Second, when the

availability of bidding incentives induce a bidder to research the value of the debtor and submit a bid that serves as a minimum or floor bid on which other bidders can rely, "the bidder may have provided a benefit to the estate by increasing the likelihood that the price at which the debtor is sold will reflect its true worth."

Id.

43. The proposed Termination Fees are appropriate under Bankruptcy Code section 503. The Termination Fees are fair and reasonable in amount, particularly in view of the efforts that will have to be expended by a stalking horse bidder. Moreover, the Termination Fees will enable the Sellers to secure an adequate floor for the Auctions and, thus, insist that competing bids be materially higher or otherwise better than that set forth in any Stalking Horse Agreement, a clear benefit to the Sellers' estates.

44. In sum, the Debtors' ability to offer the Termination Fees enables them to ensure the sale of the Sellers' assets to a contractually-committed bidder at a price that they believe to be fair while, at the same time, providing them with the potential of even greater

benefit to the estates. Thus, the Termination Fees should be approved.

V. ANY STALKING HORSE BIDDER OR SUCCESSFUL BIDDER SHOULD BE GRANTED THE PROTECTION OF BANKRUPTCY CODE SECTION 363(m) AND THE TRANSACTION CONTEMPLATED BY THE AGREEMENT SHOULD CARRY THE PROTECTIONS OF BANKRUPTCY CODE SECTION 363(n).

45. The disposition of the Sellers' Intellectual Property Assets pursuant to the terms reflected in any agreement with a Successful Bidder that results from the bids submitted for or at the Auctions, pursuant to the Bidding Procedures, represents an accepted method for the sale of retail merchandise that has been approved in numerous chapter 11 cases of retailers. See, e.g., In re The Rowe Companies, Case No. 06-11142 (SSM)(Bankr. E.D. Va. Dec. 20, 2006); In re Tweeter Home Entertainment Group, Inc., Case No. 07-10787 (PJW) (Bankr. D. Del. Jun. 27, 2007); In re Ultimate Electronics, Case No. 05-10104 (PJW)(Bankr. D. Del. Mar. 8, 2005). Under the Bidding Procedures, any agreement with a Successful Bidder would be negotiated at arm's-length. These negotiations will likely involve substantial time and energy by the parties and their professionals, and any agreement with a Successful

Bidder will undoubtedly reflect give-and-take and compromises by both sides.

46. Accordingly, the Sellers should be permitted to enter into any agreement with a Successful Bidder.

47. Specifically, Bankruptcy Code section 363(m) provides that:

[t]he reversal or modification on appeal of an authorization under subsection (b) or (c) of this section of a sale or lease of property does not affect the validity of a sale or lease under such authorization to an entity that purchased or leased such property in good faith, whether or not such entity knew of the pendency of the appeal, unless such authorization and such sale or lease were stayed pending appeal.

11 U.S.C. § 363(m).

48. While the Bankruptcy Code does not define "good faith", the Fourth Circuit Court of Appeals has "adopt[ed] the traditional equitable definition that has been adopted by various courts of appeal: 'one who purchases the assets for value, in good faith, and without notice of adverse claims.'" Willemain v. Kivitz, 764 F.2d 1019, 1023 (4th Cir. 1985)(citations omitted).

49. Additionally, the Bidding Procedures ensure that a prospective purchaser or store closing agent will not be able to exert any undue influence over the Sellers. Under the circumstances, and after considering the record to be presented by the Debtors at the Hearing, this Court should find that (i) the sale of the Sellers' Intellectual Property Assets, whether pursuant to a agreement with a Successful Bidder, is the result of good faith arm's-length negotiations, and (ii) the ultimate purchaser is entitled to all of the protections of Bankruptcy Code section 363(m).

50. Bankruptcy Code section 363(n) further provides, in relevant part, that:

The trustee may avoid a sale under this section if the sale price was controlled by an agreement among potential bidders at such sale, or may recover from a party to such agreement any amount by which the value of the property sold exceeds the price at which such sale was consummated, and may recover any costs, attorneys' fees, or expenses incurred in avoiding such sale or recovering such amount.

11 U.S.C. § 363(n).

51. The Sellers present evidence at the Sale Hearing that any agreement with a Successful Bidder

reflects a negotiated, arm's length and good faith transaction. Moreover, to the extent that the assets are sold to a Successful Bidder, it will be because of a well-planned competitive process and arm's length negotiations. Additionally, the Bidding Procedures ensure that a prospective purchaser will not be able to exert any undue influence over the Sellers. Moreover, any agreement with any Successful Bidder bid will not be the product of fraud or collusion between the Successful Bidder and other bidders or the Debtors, or an attempt to take grossly unfair advantage of other bidders.

52. As a result of the foregoing, the Sellers request that the Court make a finding that the purchase price to be paid by the Successful Bidder constitutes reasonably equivalent value and fair consideration under any applicable law. The Sellers further request that this Court make a finding that any the Successful Bidder has purchased the Intellectual Property Assets in good faith within the meaning of Bankruptcy Code section 363(m). Additionally, the Sellers request that this Court make a finding that a purchase agreement reached as a result of the Bidding Procedures necessarily will

comprise an arm's length, intensely-negotiated transaction entitled to the protections of Bankruptcy Code section 363(m) and that the transactions contemplated by the Agreement are not avoidable under Bankruptcy Code section 363(n).

VI. THE SALE OF THE INTELLECTUAL PROPERTY AND ASSETS SHOULD BE FREE AND CLEAR OF LIENS, CLAIMS AND ENCUMBRANCES UNDER BANKRUPTCY CODE SECTION 363(f).

53. To facilitate a sale of the Intellectual Property Assets, the Sellers request authorization to sell the Intellectual Property Assets free and clear of any and all Interests.

54. Under Bankruptcy Code section 363(f), a debtor in possession may sell property free and clear of any interest in such property if, among other things:

- (1) applicable nonbankruptcy law permits sale of such property free and clear of such interest;
- (2) such entity consents;
- (3) such interest is a lien and the price at which such property is sold is greater than the aggregate value of all liens on such property;
- (4) such interest is in bona fide dispute;
or

- (5) such entity could be compelled, in a legal or equitable proceeding, to accept a money satisfaction of such interest.

11 U.S.C. § 363(f).

55. Section 363(f) permits the sale of estate property free and clear of interests if any one of the five conditions above is met. See, e.g., In re Laines, 352 B.R. 410, 414-15 (Bankr. E.D. Va. 2005).

56. Courts have held that the authority of a debtor to sell assets free and clear of interests is broad and should be read expansively. See In re TWA, Inc., 322 F.3d 283, 289 (3d Cir. 2003); see also United Mine Workers of Am. 1992 Benefit Plan v. Leckie Smokeless Coal Co. (In re Leckie Smokeless Coal Co.), 99 F.3d 573, 582 (4th Cir. W. Va. 1996) (holding that the phrase "any interest in property" includes more than just in rem interests); In re P.K.R. Convalescent Centers, Inc., 189 B.R. 90, 94 (Bankr. E.D. Va. 1995) ("As the plain meaning of the statute demonstrates, § 363 covers more situations than just sales involving liens."). Moreover, courts have noted that the purpose of the "free and clear" language is to allow the debtor to obtain a maximum recovery on its assets in the

marketplace. See In re TWA, Inc., 2001 Bankr. LEXIS 723, at *8-*10 (Bankr. D. Del. Mar. 27, 2001).

57. Accordingly, this Court should authorize the Sellers to sell the Intellectual Property free and clear of all Interests, with any such Interests attaching to the net proceeds of the sale of the Intellectual Assets in the same order and priority as they exist against the Intellectual Property Assets and subject to the same defenses.

VII. THE TEN-DAY STAY PROVIDED BY BANKRUPTCY RULE 6004 SHOULD BE WAIVED FOR ANY ORDER APPROVING THE SALE OF THE INTELLECTUAL PROPERTY AND INTERNET ASSETS.

58. Bankruptcy Rule 6004(h) provides that: "[a]n order authorizing the use, sale, or lease of property is stayed until the expiration of 10 days after entry of the order, unless the court orders otherwise." Fed. R. Bankr. P. 6004(h).

59. The Sellers request that the Court waive the ten-day stays of Bankruptcy Rule 6004 with respect to the Sale of the Intellectual Property Assets following entry of any and all orders approving such transactions. By waiving such requirement, the Sellers

and any purchaser will be able to immediately close the transactions approved by such orders.

NOTICE

60. Notice of this Motion with respect to approval of the Bidding Procedures has been provided to those parties entitled to notice under this Court's Order Pursuant to Bankruptcy Code Sections 102 and 105, Bankruptcy Rules 2002 and 9007, and Local Bankruptcy Rules 2002-1 and 9013-1 Establishing Certain Notice, Case Management, and Administrative Procedures (Docket No. 130). Following entry of the Bidding Procedures Order, the Debtors will provide notice as directed therein.

WAIVER OF MEMORANDUM OF LAW

61. Pursuant to Local Bankruptcy Rule 9013-1(G), and because there are no novel issues of law presented in the Motion and all applicable authority is set forth in the Motion, the Sellers request that the requirement that all motions be accompanied by a separate memorandum of law be waived.

NO PRIOR REQUEST

62. No previous request for the relief sought herein has been made to this Court or any other court.

CONCLUSION

WHEREFORE, the Debtors respectfully request that the Court (i) enter an order, substantially in the form of the Bidding Procedures Order attached hereto as Exhibit A, granting the relief requested herein,

(ii) enter one or more orders, substantially in the form of the Sale Approval Order attached hereto as Exhibit B, approving any and all sales following completion of the Auctions, and (iii) such other and further relief as may be just and proper.

Dated: July 6, 2009

Richmond, Virginia

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/s/ Douglas M. Foley

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Counsel for Debtors and Debtors
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EXHIBIT A

(Bidding Procedures Order)

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Counsel to the Debtors and
 Debtors in Possession

IN THE UNITED STATES BANKRUPTCY COURT
 FOR THE EASTERN DISTRICT OF VIRGINIA
 RICHMOND DIVISION

- - - - - x
 In re: : Chapter 11
 :
 CIRCUIT CITY STORES, INC., : Case No. 08-35653 (KRH)
et al., :
 :
 Debtors. : Jointly Administered
 - - - - - x

**ORDER UNDER BANKRUPTCY CODE SECTIONS 105 AND 363 AND
 BANKRUPTCY RULES 2002 AND 6004 (I) APPROVING PROCEDURES
 IN CONNECTION WITH SALES OF MISCELLANEOUS INTELLECTUAL
 PROPERTY ASSETS, (II) AUTHORIZING SELLERS TO ENTER INTO
 STALKING HORSE AGREEMENTS IN CONNECTION THEREWITH,
 (III) APPROVING THE PAYMENT OF TERMINATION FEES IN
 CONNECTION THEREWITH, (IV) SETTING AUCTION AND HEARING
 DATES AND (V) GRATING RELATED RELIEF**

Upon the motion (the "Motion")¹ of the Sellers,

¹ Capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms in the Motion.

for entry of an orders under Bankruptcy Code sections 105 and 363 and Bankruptcy Rules 2002 and 6004 (I)(A) approving the Bidding Procedures in connection with soliciting bids for the Sales of the Intellectual Property Assets, (B) authorizing the Sellers to enter into stalking horse agreements in connection therewith, (C) approving the payment of Termination Fees in connection therewith, (D) approving the Notice Procedures and (E) scheduling Auction and Hearing dates; (II) approving the Sales of the Intellectual Property Assets free and clear of all Interests; and (III) granting related relief; and the Court having reviewed the Motion; and the Court having determined that the relief requested in the Motion is in the best interests of the Sellers, their estates, their creditors, and other parties in interest; and it appearing that proper and adequate notice of the Motion has been given and that no other or further notice is necessary; and upon the record herein; and after due deliberation thereon; and good and sufficient cause appearing therefor, it is hereby

FOUND AND DETERMINED THAT:²

A. The court has jurisdiction over the Motion pursuant to 28 U.S.C. §§ 157 and 1334, and this matter is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(A).

B. Venue of these cases and the Motion in this district is proper under 28 U.S.C. §§ 1408 and 1409.

C. Good and sufficient notice of the relief sought in the Motion has been given and no further notice is required. A reasonable opportunity to object has been afforded to those parties that requested notice pursuant to Bankruptcy Rule 2002 and the Core Group (as defined in the Case Management Order).

D. The Sellers' proposed notice of the Bidding Procedures, the Auctions (if any) and the Hearing, as set forth in the Motion, is appropriate and reasonably calculated to provide all interested parties with timely and proper notice, and no other or further notice is required.

² Findings of fact shall be construed as conclusions of law and conclusions of law shall be construed as findings of fact when appropriate. See Fed. R. Bankr. P. 7052.

E. The Bidding Procedures substantially in the form attached hereto as Exhibit 1 are fair, reasonable, and appropriate and are designed to maximize the recovery with respect to the Sales of the Intellectual Property Assets.

F. The Sellers have demonstrated a compelling and sound business justification for authorizing the Sales of the Intellectual Property Assets and the payment of one or more Termination Fee under the circumstances, timing, and procedures set forth herein and in the Motion.

G. Each Termination Fee is fair and reasonable and provides a benefit to the Sellers' estates and creditors.

H. The Sellers' payment of the Termination Fees, under the conditions set forth in the Motion is (a) an actual and necessary cost of preserving the Debtors' estates, within the meaning of section 503(b) of the Bankruptcy Code, (b) of substantial benefit to the Debtors' estates and creditors and all parties in interest herein, (c) reasonable and appropriate and (d) necessary to ensure that any Stalking Horse Bidder

will continue to pursue the proposed agreements to undertake the Sale of certain of the Intellectual Property Assets.

I. The entry of this Order is in the best interests of the Sellers and their estates, creditors, and interest holders and all other parties-in-interest herein; and it is therefore

ORDERED, ADJUDGED AND DECREED THAT:

1. The Motion is GRANTED to the extent set forth herein.

2. The Bidding Procedures attached hereto as Exhibit 1 are hereby APPROVED.

3. The Bid Deadline shall be August 11, 2009 at 5:00 p.m. (ET).

4. The Auctions shall be held on August 18, 2009 at 10:00 a.m. (ET) or at such later date and time as the Debtors, in their sole discretion (after consultation with counsel to the Creditors' Committee), may advise Qualified Bidders.

5. The Bidding Procedures shall apply to the Qualified Bidders and the conduct of the Sales of the Intellectual Property Assets and the Auctions.

6. The Sellers (after consultation with counsel to the Creditors' Committee) are authorized to terminate the bidding process or the Auction at any time if they determine, in their business judgment, that the bidding process will not maximize the value of the Sellers' Intellectual Property Assets to be realized by the Sellers' estates.

7. With respect to any Stalking Horse Agreement that the Sellers enter into on or prior to August 11, 2009, the Sellers (after consultation with counsel to the Creditors' Committee) are authorized to offer a Termination Fee of 3% of the cash purchase price payable on such terms and conditions as set forth in such Stalking Horse Agreement to a Stalking Horse Bidder in the Auction with respect to the certain Intellectual Property Assets subject to the Stalking Horse Agreement (the "Stalking Horse Assets"); provided, further, that any Termination Fee will only be paid if (1) the Stalking Horse Bidder is not the Successful Bidder at the Auction with respect to the Stalking Horse Assets, (2) the Stalking Horse Bidder agrees to serve as a back-up bidder and close the transaction contemplated by the

Stalking Horse Agreement (as may be modified, including, without limitation, modifications as to price, as of the Stalking Horse Bidder's last proposal at any Auction) in the event the transaction with the Successful Bidder does not close, and (3) the transaction proposed by the Successful Bidder actually closes.

8. The Debtors shall file any Stalking Horse Agreement with the Court prior to the Bid Deadline and provide notice of such Stalking Horse Agreement to the Bankruptcy Rule 2002 and the Core Group and those parties who expressed an interest in the Intellectual Property Assets during the three (3) months prior to the filing of the Motion and after the Motion was filed.

9. In no event shall any Termination Fee be payable if the Stalking Horse Agreement contains a "due diligence" or financing contingency, and the Debtors shall not be permitted to offer two Termination Fees with respect to any proposal covering the same assets.

10. Any party that seeks to object to the relief requested in the Motion pertaining to approval of any Sale shall file a formal objection that complies with this Order on or before August 11, 2009 at 5:00 p.m.

(ET). Each objection shall state the legal and factual basis of such objection and may be orally supplemented at the Hearing.

11. Any and all written objections as contemplated by this Order must (a) be in writing, (b) conform to the Federal Rules of Bankruptcy Procedure, the Local Bankruptcy Rules for the Eastern District of Virginia, and the Case Management Order, (c) be filed with Bankruptcy Court and (d) served in accordance with the Case Management Order so as to be **received** on or before the appropriate deadline as set forth above or in this Order.

12. The Hearing, at which the Sellers shall seek approval of Successful Bids shall be held in this Court on August 27, 2009, at 11:00 a.m. (Eastern). The Hearing may be adjourned or rescheduled without further notice by an announcement of the adjourned date at the Hearing.

13. Notice of the transactions contemplated by the Motion shall be deemed adequate if (i) within five (5) business days of entry of this Bidding Procedures Order (or as soon as reasonably practicable

thereafter), the Sellers (or their agent) serve the Sale Notice, in substantially the form attached hereto as Exhibit 2, by electronic mail, if possible, or first-class mail, postage prepaid, upon (A) all entities reasonably known to have expressed an interest in a transaction with respect to the Intellectual Property Assets or similar assets during the past three (3) months, (B) all entities reasonably known to have asserted any Lien upon the Intellectual Property Assets, (C) all federal, state, and local regulatory or taxing authorities or recording offices, which have a reasonably known interest in the relief requested by the Motion, (D) the Attorney Generals for all fifty (50) States, (E) the CPO; and (F) all parties entitled to notice under the Order Pursuant to Bankruptcy Code Sections 102 and 105, Bankruptcy Rules 2002 and 9007, and Local Bankruptcy Rules 2002-1 and 9013-1 Establishing Certain Notice, Case Management, and Administrative Procedures (D.I. 130; the "Case Management Order") and (ii) the Sellers publish a form substantially similar to Sale Notice in the Wall Street Journal (International Edition), USA Today (National

Edition) and the Richmond Times Dispatch within five (5) business days of entry of this Bidding Procedures Order or as soon as practicable thereafter.

14. To the extent the Bidding Procedures are inconsistent with this Order, this Order shall control.

15. The requirement under Local Bankruptcy Rule 9013-1(G) to file a memorandum of law in connection with the Motion is hereby waived.

16. This Court shall retain jurisdiction with respect to all matters arising or related to the implementation of this Order.

Dated: Richmond, Virginia
July 16, 2009

UNITED STATES BANKRUPTCY JUDGE

WE ASK FOR THIS:

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Counsel to the Sellers and Sellers in Possession

CERTIFICATION OF ENDORSEMENT UNDER LOCAL RULE 9022-1(C)

Pursuant to Local Bankruptcy Rule 9022-1(C), I hereby certify that the foregoing proposed order has been endorsed by or served upon all necessary parties.

/s/ Douglas M. Foley

EXHIBIT 1

(Bidding Procedures)

EXHIBIT A

BIDDING PROCEDURES

Set forth below are the bidding procedures (the "Bidding Procedures")¹ to be employed with respect to the selection of the highest or otherwise best bid(s) for all or any part of the Sellers' Intellectual Property Assets.

QUALIFIED BIDS

The Sellers will consider bids for any or all of the Intellectual Property Assets, including, for example, customer lists and various trademarks, servicemarks and the associated domain names and URLs.

The Sellers are permitted to enter into "stalking horse" agreement(s) (each a "Stalking Horse Agreement") with a bidder (the "Stalking Horse Bidder") for the purpose of establishing a minimum acceptable bid at which to begin the Auction and (ii) provide a Stalking Horse Bidder with a fee (the "Termination Fee") up to, but not greater than 3.0%, of the cash purchase price set forth in the Stalking Horse Agreement. However, in no event shall any Termination Fee be payable if the Stalking Horse Agreement contains a "due diligence" or financing contingency, and the Debtors shall not be permitted to offer two Termination Fees with respect to any proposal covering the same assets.

Under the Bidding Procedures only "Qualified Bidders," i.e. persons or entities submitting "Qualified Bids", may participate in the Auction. To be considered a "Qualified Bid," the person or entity submitting the bid must submit an offer in the form of a purchase agreement (redlined against the Stalking Horse Agreement, if applicable) by the Bid Deadline (as defined hereinafter) that specifically identifies (a) the asset(s) to be purchased, (b) the purchase price, (c) identify the potential bidder and the officer(s) or authorized agent(s) who will appear on behalf of such bidder, (d) provide evidence, satisfactory to the Debtors in their reasonable discretion (after consultation with representatives of the Creditors' Committee), of the bidder's financial wherewithal, (e) provide that the bid shall not be conditioned on the outcome of unperformed due diligence

¹ Unless otherwise defined herein, each capitalized term shall have the meaning assigned to it in the Motion or the Order.

by the bidder or any financing contingency, (f) provide a good faith deposit equal to 10% of the cash component of the purchase price; (g) provide that the bidder's offer is irrevocable until the later of 2 business days after the assets subject to the Sale have been disposed of pursuant to the Bidding Procedures, and 30 days after the Hearing; (h) an acknowledgement that, in the event the bidder is the Alternate Bidder (as defined below), the bidder will proceed with the purchase of the Intellectual Property Assets pursuant to the terms the Bid submitted at the Auction (the "Alternate Bid"); and (i) a redline of the form of order that the bidder would request the Sellers to seek Court approval at the Hearing. **Whether or not expressly set forth in the Bid and notwithstanding anything to the contrary in such Bid, any bid submitted pursuant to the Bidding Procedures Order and these Bidding Procedures shall be deemed to be irrevocable until the later of 2 business days after the assets subject to the Sale have been disposed of pursuant to the Bidding Procedures, and 30 days after the Hearing; and such bidder shall be deemed to have acknowledged that, in the event the bidder is the Alternate Bidder (as defined below), the bidder will proceed with the purchase of the Intellectual Property Assets pursuant to the terms the Bid submitted prior to and modified at the Auction (the "Alternate Bid").**

BID DEADLINE

Any person or entity wanting to participate in the Auctions must submit a Qualified Bid on or before **August 11, 2009 at 5:00 p.m. (Eastern)** (the "Bid Deadline") in writing, to: (1) Circuit City Stores, Inc., P.O. Box 5695, Glen Allen, Virginia 23058-5695, Attn: Jim Marcum (jim_marcum@ccswinddown.com); (2) Counsel to the Debtors, Gregg M. Galardi and Ian S. Fredericks, Skadden, Arps, Slate, Meagher & Flom LLP, One Rodney Square, P.O. Box 636, Wilmington, DE 19801 (gregg.galardi@skadden.com and ian.fredericks@skadden.com); (3) Counsel to the Creditors' Committee, Jeff Pomerantz, Pachulski Stang Ziehl & Jones LLP, 10100 Santa Monica Blvd., 11th Floor, Los Angeles, California 90067-4100, (jpomerantz@pszjlaw.com); and (4) Streambank, LLC, Gabe Fried and Jack Hazan, 400 Hillside Ave., Suite 19, Needham Heights, MA 02494 (gfried@streambankllc.com and jhazan@streambankllc.com). The Debtors shall announce the terms of the highest or otherwise best Qualified Bid, after consultation with representatives of the Creditors' Committee, on or before the commencement of the Auctions.

THE AUCTION

The Auctions will be conducted at the offices of Skadden, Arps, Slate, Meagher & Flom, LLP, Four Times Square, New York, New York, 10036 at 10:00 a.m. (Eastern) on August 18, 2009 or such later dates and times as the Debtors, in their sole discretion after consultation with the Creditors' Committee, may advise Qualified Bidders. Any Qualified Bidder wishing to participate in the Auction must appear and submit its highest or otherwise best bid at the Auctions. Bidding at the Auctions will continue until each Qualified Bidder has submitted its highest or otherwise best bid for the any or all of the Intellectual Property Assets. At the conclusion of the bidding, the Sellers (after consultation the Creditors' Committee) shall announce the bid(s) the Sellers have determined to be the highest or otherwise best bid(s) (the "Successful Bidder(s)").

AUCTION PROCEDURES

Prior to the commencement of the Auctions, the Sellers will advise all Qualified Bidders of what they believe to be the highest or otherwise best Qualified Bid received. Only a Qualified Bidder who has submitted a Qualified Bid shall be eligible to participate at the Auctions. During the Auctions, bidding shall begin initially with the highest or otherwise best proposal and subsequently continue in such minimum increments as the Sellers (after consultation with representatives of the Creditors' Committee) shall determine at the Auction (such bids submitted at the Auctions, the "Auction Bids").

Upon conclusion of the Auctions, the Sellers, in consultation with representatives of the Creditors' Committee, shall (i) review each Auction Bid on the basis of financial and contractual terms and the factors relevant to the Intellectual Property Assets and (ii) identify the highest or otherwise best offer for an asset (the "Successful Bid"). For the Auction, the Sellers may designate multiple Successful Bids for various assets. If more than one Qualified Bidder submits a Bid on the same Intellectual Property Assets as the Successful Bidder, the Sellers, after consultation with the Creditors' Committee, will announce the bidder submitting the next highest or otherwise best proposal (the "Alternate Bidder") who, pursuant to the Bidding Procedures, would proceed with the purchase of the Intellectual Property pursuant to the terms the Alternate Bid submitted at the Auction, if the Successful Bidder fails to consummate the Sale because of: (i) the failure of a condition precedent beyond the control of either the Seller or the

Successful Bidder or (ii) a breach or failure to perform on the part of such Successful Bidder.

At or prior to the start of the Auctions, the Debtors, after consultation with the Creditors' Committee will announce other procedural rules at the Auctions, including (without limitation) initial minimum overbids and bid increments.

RETURN OF GOOD FAITH DEPOSIT

As noted above, any Stalking Horse Bidder and all Bidders will be required to submit good faith deposits (the "Good Faith Deposits") with the Sellers on or before the Bid Deadline. Such Good Faith Deposits shall be equal to 10% of the cash component of the purchase price. Good Faith Deposits of any Stalking Horse Bidder and all Qualified Bidders shall be held in an segregated account until a proposal is no longer irrevocable as provided herein, at which time they will be returned to the Qualified Bidder; provided, however, that if any Stalking Horse Bidder or a Successful Bidder fails to consummate an approved sale because of a breach or failure to perform on the part of such Stalking Horse Bidder or Successful Bidder, the Sellers will not have any obligation to return the Good Faith Deposit deposited by such Stalking Horse Bidder or Successful Bidder, and such Good Faith Deposit shall irrevocably become property of the Sellers.

RESERVATION OF RIGHTS

The Sellers reserve the right to (i) determine at their reasonable discretion (after consultation with representatives of the Creditors' Committee) which offer is the highest or otherwise best offer, (ii) reject at any time prior to entry of a Court order approving an offer, without liability, any offer that the Sellers in their reasonable discretion (after consultation with representatives of the Creditors' Committee) deem to be (x) inadequate or insufficient, (y) not in conformity with the requirements of the Bankruptcy Code, the Bankruptcy Rules, the Local Rules, or procedures set forth therein or herein, or (z) contrary to the best interests of the Sellers and their estates, (iii) waive the requirements of any of the Bidding Procedures with respect to a potential or Qualified Bidder if the Sellers (after consultation with representatives of the Creditors' Committee) determine is in their business judgment and in the best interests of their creditors and estates; (iv) extend the Bid Deadline; (vi) change the date of any Auction (after consultation with representatives of the

Creditors' Committee); (vii) reopen the Auction at anytime prior to entry of an order approving the Successful Bid; and (viii) alter bid increments or other procedural rules during the Auction as would be in the best interests of their estates.

The selection of a any Successful Bidder shall be within the reasonable business judgment of the Sellers (after consultation with representatives of the Creditors' Committee) and subject to the approval of the Bankruptcy Court, and economic considerations shall not be the sole criteria upon which the Sellers may base their decision. In assessing whether a proposal constitutes a higher or otherwise better offer, the Sellers shall consider, among other things, the net economic effect upon the Sellers' estates. The presentation of a particular proposal to the Bankruptcy Court for approval does not constitute the Sellers' acceptance of the proposal. The Sellers will be deemed to have accepted a proposal only when the proposal has been approved by the Bankruptcy Court at the Hearing. At or before the Hearing, the Debtors, after consultation with representatives of the Creditors' Committee, may impose such other terms and conditions on Qualified Bidders as the Sellers may determine to be in the best interests of the Sellers, their estates, their creditors, and other parties in interest.

EXHIBIT 2

(Sale Notice)

EXHIBIT B

(Sale Approval Order)

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Counsel to the Debtors and
Debtors in Possession

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
RICHMOND DIVISION

- - - - - x
In re: : Chapter 11
:
CIRCUIT CITY STORES, INC., : Case No. 08-35653 (KRH)
et al., :
:
Debtors. : Jointly Administered
- - - - - x

**ORDER (I) APPROVING SALE OF MISCELLANEOUS INTELLECTUAL
PROPERTY ASSETS FREE AND CLEAR OF ALL LIENS, CLAIMS, IN-
TERESTS AND ENCUMBRANCES; AND (II) GRANTING RELATED RE-
LIEF**

Upon consideration of the Motion for Orders
Pursuant to Bankruptcy Code Sections 105 and 363 and
Bankruptcy Rule 2002 and 6004 (I)(A) approving Bidding
Procedures for the Sales of the Intellectual Property
Assets, (B) authorizing the Sellers to enter into Stalk-

ing Horse Agreements in connection therewith,
(C) approving the payment of Termination Fees in connection therewith, (D) approving the Notice Procedures and (E) scheduling Auction and Hearing dates; (II) approving the Sales of the Intellectual Property Assets free and clear of all Interests; and (III) granting related relief (the "Motion"); and the Court having entered the Order (I) Approving Procedures In Connection With Sales Of Miscellaneous Intellectual Property Assets,
(II) Authorizing Sellers To Enter Into Stalking Horse Agreements In Connection Therewith, (III) Approving The Payment Of Termination Fees In Connection Therewith,
(IV) Setting Auction And Hearing Dates And (V) Granting Related Relief (the "Bidding Procedures Order"),¹ which authorized the Debtors to conduct the Sales of the Intellectual Property Assets; and the Sellers having held Auctions on August 18, 2009; and the Court having held a hearing on the Motion on July 16, 2009 and August 27, 2009; and all parties in interest having been heard, or having had the opportunity to be heard, regarding the

¹ Capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms in the Bidding Procedures Order.

Agreement (as defined below), by and among the Sellers and the Purchaser (as defined below) and the transactions contemplated thereby (the "Transactions"); and after due deliberation thereon, and good cause appearing therefore it is hereby

FOUND AND DETERMINED THAT:²

A. The Court has jurisdiction to hear and determine the Motion and to grant the relief requested in the Motion pursuant to 28 U.S.C. §§ 157(b)(1) and 1334(b).

B. Venue of these cases and the Motion in this district is proper under 28 U.S.C. §§ 1408 and 1409. This is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2).

C. The statutory predicates for the relief requested in the Motion are Bankruptcy Code sections 105 and 363 and Bankruptcy Rules 2002 and 6004.

² The findings and conclusions set forth herein constitute the Court's findings of fact and conclusions of law pursuant to Bankruptcy Rule 7052. To the extent any of the following findings of fact are determined to be conclusions of law, they are adopted, and shall be construed and deemed, conclusions of law. To the extent any of the following conclusions of law are determined to be findings of fact, they are adopted, and shall be construed and deemed, as findings of fact.

D. Notice of the Motion and entry of the Sale Approval Order has been provided to (A)(i) all entities known to have expressed an interest in a transaction with respect to the Intellectual Property Assets or similar assets during the past three (3) months, (ii) all entities known to have asserted any Lien upon the Intellectual Property Assets, (iii) all federal, state, and local regulatory or taxing authorities or recording offices, which have a reasonably known interest in the relief requested by the Motion, (iv) the Attorney Generals for all fifty (50) States; (v) the CPO, and (vi) all parties entitled to notice under the Order Pursuant to Bankruptcy Code Sections 102 and 105, Bankruptcy Rules 2002 and 9007, and Local Bankruptcy Rules 2002-1 and 9013-1 Establishing Certain Notice, Case Management, and Administrative Procedures (D.I. 130; the "Case Management Order") and (B) other parties through publication of the Sale Notice, all in accordance with and as provided by the Bidding Procedures Order.

E. Based upon the affidavits of service filed with the Court: (a) notice of the Motion and the Sale Hearing was adequate and sufficient under the cir-

cumstances of these chapter 11 cases and these proceedings and complied with the various applicable requirements of the Bankruptcy Code and the Bankruptcy Rules; and (b) a reasonable opportunity to object and be heard with respect to the Motion and the relief requested therein was afforded to all interested persons and entities.

F. The Purchased Assets (as defined herein) are property of the Sellers' estates and title thereto is vested in the Sellers' estates.

G. The Sellers and their professionals marketed the Intellectual Property Assets and conducted the sale process as set forth in and in accordance with the Motion and the Bidding Procedures Order. Based upon the record of these proceedings, all creditors and other parties in interest and all prospective purchasers have been afforded a reasonable and fair opportunity to bid for the Intellectual Property Assets.

H. The Bidding Procedures approved by this Court and by which the sale process was conducted were substantively and procedurally fair to all parties.

I. After the Auction held on August 18, 2009, the Debtors determined that the highest and best bid was that of [PURCHASER] (the "Purchaser"), a copy of which is attached hereto as Exhibit A, (the "Agreement"). The Agreement is to purchase certain of the Intellectual Property Assets, as listed on Exhibit 1 to the Agreement (the "Purchased Assets").

J. Subject to the entry of this Order, each Seller (i) has full power and authority to execute the Agreement and all other documents contemplated thereby, and the sale of the Purchased Assets by the Sellers has been duly and validly authorized by all necessary company action of each of the Sellers, (ii) has all of the power and authority necessary to consummate the Transactions, (iii) has taken all company action necessary to authorize and approve the Agreement and the consummation by the Sellers of the Transactions. No consents or approvals, other than those expressly provided for in the Agreement or this Order, are required for the Sellers to close the Sale and consummate the Transactions.

K. The Agreement and the Transactions were negotiated and have been and are undertaken by the Sell-

ers and the Purchaser at arms' length without collusion or fraud, and in good faith within the meaning of Sections 363(m) of the Bankruptcy Code. As a result of the foregoing, the Sellers and the Purchaser are entitled to the protections of Section 363(m) of the Bankruptcy Code.

L. The total consideration provided by the Purchaser for the Purchased Assets is the highest and best offer received by the Sellers, and the Purchase Price constitutes (a) reasonably equivalent value under the Bankruptcy Code and Uniform Fraudulent Transfer Act, (b) fair consideration under the Uniform Fraudulent Conveyance Act, and (c) reasonably equivalent value, fair consideration and fair value under any other applicable laws of the United States, any state, territory or possession, or the District of Columbia.

M. The Purchaser would not have entered into the Agreement and would not consummate the Transactions, thus adversely affecting the Sellers, their estates and creditors, if the sale of the Purchased Assets to the Purchaser was not free and clear of all Interests (as defined herein), or if the Purchaser would, or in the

future could, be liable for any of such Interest. A sale of the Purchased Assets other than one free and clear of all Interests would adversely impact the Sellers' estates, and would yield substantially less value for the Sellers' estates, with less certainty than the Sale. Therefore, the Sale contemplated by the Agreement is in the best interests of the Sellers, their estates and creditors, and all other parties in interest.

N. The Sellers may sell the Purchased Assets free and clear of all Interests, because, with respect to each creditor asserting a Interest, one or more of the standards set forth in Bankruptcy Code § 363(f)(1)-(5) has been satisfied. Those holders of Interest who did not object or who withdrew their objections to the Sale or the Motion are deemed to have consented to the Motion and Sale pursuant to Bankruptcy Code § 363(f)(2). Those holders of Interests who did object fall within one or more of the other subsections of Bankruptcy Code Section 363(f).

O. Neither the Sellers nor Purchaser engaged in any conduct that would cause or permit the Agreement or the consummation of the Transactions to be avoided,

or costs or damages to be imposed, under Section 363(n) of the Bankruptcy Code.

P. The Purchaser is not holding itself out to the public as a continuation of the Sellers and is not an "insider" or "affiliate" of any of the Debtors.

Q. Entry into the Agreement and consummation of the Transactions constitute the exercise by the Sellers of sound business judgment and such acts are in the best interests of the Sellers, their estates and creditors, and all parties in interest. The Court finds that the Sellers have articulated good and sufficient business reasons justifying the Sale of the Purchased Assets to Purchaser. Such business reasons include, but are not limited to, the following: (i) the Agreement constitutes the highest and best offer for the Purchased Assets; (ii) the Agreement and the closing thereon (the "Closing") will present the best opportunity to realize the value of the Purchased Assets and avoid decline and devaluation of the Purchased Assets; (iii) there is substantial risk of deterioration of the value of the Purchased Assets if the Sale is not consummated promptly; and (iv) the Agreement and the Closing thereon will pro-

vide a greater recovery for the Sellers' creditors than would be provided by any other presently available alternative.

R. Time is of the essence in consummating the Sale. In order to maximize the value of the Sellers' assets, it is essential that the sale of the Intellectual Property and Internet Assets occur within the time constraints set forth in the Agreement. Accordingly, there is cause to lift the stay contemplated by Bankruptcy Rules 6004.

S. The Sale contemplated by the Agreement is in the best interests of the Sellers and their estates, creditors, interest holders and all other parties in interest herein; and it is therefore

ORDERED, ADJUDGED AND DECREED THAT:

1. The relief requested in the Motion is GRANTED to the extent set forth herein.

2. Pursuant to Bankruptcy Code sections 105 and 363, the Agreement and the Sale of the Purchased Assets to Purchaser are hereby approved and authorized in all respects.

3. Pursuant to Bankruptcy Code sections 363(b) and 363(f), upon the consummation of the Agreement, the Sellers' right, title, and interest in the Purchased Assets shall be transferred to the Purchaser free and clear of all interests, including liens, claims, and encumbrances ("Interests"), with all such Interests to attach to the cash proceeds of the Sale in the order of their priority, with the same validity, force, and effect which they had as against the Purchased Assets immediately before such transfer, subject to any claims and defenses the Sellers may possess with respect thereto.

4. Except as may be expressly provided in the Agreement, Purchaser is not assuming nor shall it or any affiliate of Purchaser be in any way liable or responsible, as a successor or otherwise, for any liabilities, debts, or obligations of the Sellers in any way whatsoever relating to or arising from the Sellers' ownership or use of the Purchased Assets prior to the consummation of the Transaction contemplated by the Agreement, or any liabilities calculable by reference to the Sellers or the Purchased Assets, or relating to continu-

ing or other conditions existing on or prior to the Closing..

5. The Transactions were undertaken by the Purchaser in good faith and the Purchaser is a good faith purchaser of the Purchased Assets as that term is used in Bankruptcy Code section 363(m). The Purchaser is entitled to all of the protections afforded by Section 363(m) of the Bankruptcy Code.

6. Pursuant to sections 105 and 363 of the Bankruptcy Code, the Sellers and the Purchaser are each hereby authorized to take any and all actions necessary or appropriate to: (i) consummate the Sale of the Purchased Assets to Purchaser and the Closing of the Sale in accordance with the Motion, the Agreement and this Order; and (ii) perform, consummate, implement and close fully the Agreement together with all additional instruments and documents that may be reasonably necessary or desirable to implement the Agreement.

7. This Order is and shall be binding upon and govern the acts of all entities, including, all filing agents, filing officers, title agents, title companies, recorders of mortgages, recorders of deeds, regis-

trars of deeds, administrative agencies or units, governmental departments or units, secretaries of state, federal, state and local officials and all other persons and entities who may be required by operation of law, the duties of their office, or contract, to accept, file, register or otherwise record or release any documents or instruments, or who may be required to report or insure any title or state of title in or to the Purchased Assets conveyed to Purchaser. All such entities described above in this paragraph are authorized and specifically directed to strike all recorded Interests against the Purchased Assets from their records, official and otherwise.

8. Each and every federal, state and governmental agency or department, and any other person or entity, is hereby directed to accept any and all documents and instruments necessary and appropriate to consummate the transactions contemplated by the Agreement.

9. If the Purchaser fails to close on the purchase of the Property in accordance with the terms of the Agreement due to no fault of and Seller is not in default of its obligations under such Agreement, then

Seller's counsel shall file with the Court and serve upon the Purchaser, the Alternate Bidder and their counsel, a notice of such default, which shall include a copy of the Alternate Bidder's agreement upon which the Seller will then close, in which case (i) Seller shall be deemed authorized to close on the sale of the Property and assignment of the Leases with the Alternate Bidder on five (5) days' advance written notice to the Alternate Bidder, and (ii) the Alternate Bidder shall be afforded all of the protections originally afforded to the Purchaser under this Sale Order and the findings herein as to adequacy and fairness of consideration paid and good faith shall be deemed to apply to the Alternate Bidder, its Alternate Bid, and its purchase and sale agreement with the Seller, without the necessity of further order of this Court.

10. This Order shall be effective immediately upon entry, and any stay of orders provided for in Bankruptcy Rule 6004(h) and any other provision of the Bankruptcy Code or Bankruptcy Rules is expressly lifted.

11. To the extent permitted by section 525 of the Bankruptcy Code, no governmental unit may revoke or

suspend any right, license, trademark or other permission relating to the use of the Purchased Assets sold, transferred or conveyed to Purchaser on account of the filing or pendency of these Chapter 11 cases or the consummation of the Sale.

12. This Court retains jurisdiction to hear and determine all matters arising from or related to implementation or interpretation of this Order or the Agreement.

Dated: Richmond, Virginia
August 27, 2009

UNITED STATES BANKRUPTCY JUDGE

WE ASK FOR THIS:

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(804) 775-1000

Counsel to the Debtors
and Debtors in Possession

SEEN AND CONSENTED TO BY:

Counsel for PURCHASER

CERTIFICATION OF ENDORSEMENT UNDER LOCAL RULE 9022-1(C)

Pursuant to Local Bankruptcy Rule 9022-1(C), I
hereby certify that the foregoing proposed order has
been endorsed by or served upon all necessary parties.

/s/ Douglas M. Foley
Douglas M. Foley

EXHIBIT A

(Agreement)

EXHIBIT C

(Sale Notice)

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Counsel to the Debtors and
 Debtors in Possession

IN THE UNITED STATES BANKRUPTCY COURT
 FOR THE EASTERN DISTRICT OF VIRGINIA
 RICHMOND DIVISION

- - - - - x
 In re: : Chapter 11
 :
 CIRCUIT CITY STORES, INC., : Case No. 08-35653 (KRH)
 et al., :
 : Jointly Administered
 Debtors. :
 : Auction: _____, 2009 at 10:00
 : a.m. (ET)
 : Obj. Deadline: _____, 2009 at
 : 5:00 p.m. (ET)
 : Sale Hearing: August 27, 2009 at
 : 11:00 a.m. (ET)
 - - - - - x

NOTICE OF ENTRY OF ORDER UNDER BANKRUPTCY CODE SECTIONS
 105 AND 363 (I) APPROVING PROCEDURES IN CONNECTION WITH
 SALE OF MISCELLANEOUS INTELLECTUAL PROPERTY ASSETS,
 (II) AUTHORIZING SELLERS TO ENTER INTO STALKING HORSE
 AGREEMENTS IN CONNECTION THEREWITH, (III) APPROVING THE
 PAYMENT OF TERMINATION FEES IN CONNECTION THEREWITH,
 (IV) APPROVING FORM AND MANNER OF SALE NOTICE AND
 (V) SETTING AUCTION AND HEARING DATES

PLEASE TAKE NOTICE that on July [], 2009, the above-captioned debtors and debtors in possession (collectively, the "Sellers" or the "Debtors")¹ filed their Motion for Orders pursuant to Bankruptcy Code Sections 105 and 363 (I)(A) Approving Procedures In Connection With Sale of Miscellaneous Intellectual Property Assets, (B) Authorizing Sellers To Enter Into Stalking Horse Agreements In Connection Therewith, (C) Approving Payment Of Termination Fees In Connection Therewith, (D) Approving Form And Manner Of Sale Notice, And (E) Setting Auction And Sale Hearing Dates; (II) Approving Sales Of Miscellaneous Intellectual Property Assets Free And Clear Of All Interests; And (III) Granting Related Relief (Docket No. _____, the "Motion"). A copy of the Motion is available at www.kccllc.net/circuitcity.

PLEASE TAKE FURTHER NOTICE that, on July 16, 2009, the Court entered the Order Pursuant To Bankruptcy Code Sections 105 and 363 (I) Approving Procedures In Connection With Sale of Miscellaneous Intellectual Property Assets, (II) Authorizing Sellers To Enter Into Stalking Horse Agreements In Connection Therewith, (III) Approving Payment Of Termination Fees In Connection Therewith, (IV) Approving Form And Manner Of Sale Notice And (V) Setting Auction And Sale Hearing Dates

¹ The Debtors and the last four digits of their respective taxpayer identification numbers are as follows: Circuit City Stores, Inc. (3875), Circuit City Stores West Coast, Inc. (0785), InterTAN, Inc. (0875), Ventoux International, Inc. (1838), Circuit City Purchasing Company, LLC (5170), CC Aviation, LLC (0841), CC Distribution Company of Virginia, Inc. (2821), Circuit City Properties, LLC (3353), Kinzer Technology, LLC (2157), Abbott Advertising Agency, Inc. (4659), Patapsco Designs, Inc. (6796), Sky Venture Corp. (0311), Prahs, Inc. (n/a), XSStuff, LLC (9263), Mayland MN, LLC (6116), Courcheval, LLC (n/a), Orbyx Electronics, LLC (3360), and Circuit City Stores PR, LLC (5512). The address for Circuit City Stores West Coast, Inc. is 9250 Sheridan Boulevard, Westminster, Colorado 80031. For all other Debtors, the address was 9950 Mayland Drive, Richmond, Virginia 23233 and currently is 4951 Lake Brook Drive, Glen Allen, VA 23060.

(Docket No. _____, the "Bidding Procedures Order")², attached hereto as Exhibit 1.

PLEASE TAKE FURTHER NOTICE that, pursuant to the Bidding Procedures Order and procedures approved thereby (the "Bidding Procedures"), the Sellers will accept bids on the Intellectual Property Assets until **August 11, 2009 at 5:00 p.m. (ET)** (the "Bid Deadline"). All bids must comply with the Bidding Procedures. The Bidding Procedures are attached to the Bidding Procedures Order.

PLEASE TAKE FURTHER NOTICE that, pursuant to the Bidding Procedures Order and the Bidding Procedures, in the event that the Sellers receive more than one Qualified Bid, an auction with respect to the Sale (the "Auction") will be conducted at the offices of Skadden, Arps, Slate, Meagher & Flom, LLP, Four Times Square, New York, New York 10036, tentatively commencing at **10:00 a.m. (Eastern) on August 18, 2009** or such later time or other place as the Sellers notify all Qualified Bidders who have submitted Qualified Bids.

PLEASE TAKE FURTHER NOTICE that the Debtors have made the Motion, the Bidding Procedures Order, the Bidding Procedures and any related documents available at www.kccllc.net/circuitcity.

² Capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms in the Motion or the Bidding Procedures Order.

Dated: _____, 2009
Richmond, Virginia

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Counsel for Debtors and Debtors
in Possession

EXHIBIT 1

(Bidding Procedures Order)